

September 14, 2005

***Special Notice for Depository Institutions
Update to U.S. Treasury Guidance on Cashing FEMA Disaster Assistance Checks and
Government Benefit Checks Issued by the U.S. Treasury***

As part of our response efforts to Hurricane Katrina, the U.S. Treasury is providing updated guidance related to the cashing of U.S. Treasury checks for FEMA Disaster Assistance payments and Federal benefit payments to recipients who resided in the affected areas. We recognize that in these extraordinary circumstances depository institutions have experienced difficulty in confirming the identity of individuals presenting Treasury checks for deposit or for cash. We are providing updated guidance on possible check reclamation actions (based on forged indorsements), a brief reminder of the key security features of Treasury checks, and a toll-free helpline number for Social Security check recipients to use in signing up for direct deposit.

Guidance in Verifying the Identity of Individuals Presenting Treasury Benefit and Disaster Assistance Checks for Deposit or for Cash

Check Reclamations

In response to the feedback from depository institutions, Treasury is clarifying our policy for dealing with check reclamations. This policy will remain in effect for 60 days from the date of this notice. A depository institution that verifies the identity of an individual seeking to cash a Treasury benefit or assistance check by calling a telephone number provided by the issuing agency for this purpose will not be liable in a reclamation action based on a forged indorsement. In addition, a depository institution will not be liable for cashing a Treasury benefit or assistance check bearing a forged indorsement if the depository institution has used prudent efforts to verify the identity of the individual cashing the check. Prudent efforts depend upon the circumstances of each situation, but might include one or more of the following: seeking identification documents such as a driver's license, military identification or passport; inspecting other documents such as utility bills, leases, or revolving charge bills; or comparing information provided by the individual to information obtained through electronic searches of consumer reporting agencies, public databases or other sources.

Treasury Check Security Features; Altered Checks

All U. S. Treasury checks have security features. These features, which can help a depository institution decide whether a Treasury check is authentic, can be viewed at: <http://www.fms.treas.gov/checkclaims/index.html>. The most verifiable security feature on a Treasury check is the Treasury seal, located to the right of the Statue of Liberty, which contains security ink that will run and turn red when moistened. In addition, the amount for which a particular check was issued can be verified by calling the Federal Reserve Bank of Richmond's Treasury check assistance number at 804-697-2605. This number is normally available from 8:00 am - 4:30 pm eastern time, Monday through

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Friday; however, until further notice, operating hours will be extended to 6:30 pm. Most Treasury checks for FEMA disaster assistance are in an amount of \$2000. Depository institutions are encouraged to contact the Treasury check assistance number if an individual is seeking to cash a FEMA check in a larger amount.

Accelerated Direct Deposit Enrollment to Assist Social Security Recipients

A toll-free helpline, (877)-654-6347, has been established that allows current Social Security and Supplemental Security Income check recipients, who call by September 18, to enroll in and begin receiving direct deposit in October. We are asking depository institutions to encourage customers presenting Treasury checks to take advantage of this opportunity.

Other Information

SSA Letter for Recipients of Third Party Drafts

SSA is issuing replacement checks, in the form of third party drafts, to benefit recipients who are unable to receive or locate their regular Treasury checks. Beginning this week, SSA Field Offices will provide to each recipient of a third party draft a letter confirming the recipient's identity. These letters will be presented by the recipients at depository institutions when cashing their checks.

Clarification of Customer Identification or "Know Your Customer" Standards

Bank regulatory agencies have published, within the past several days, suggestions and guidance for financial institutions regarding customer identification. Most recently, the Board of Governors of the Federal Reserve System and the U.S. Treasury's Financial Crimes Enforcement Network, have issued responses to frequently asked questions regarding certain provisions of the Bank Secrecy Act in providing services to victims of Hurricane Katrina. These responses may be accessed through:

<http://www.federalreserve.gov/boarddocs/srletters/2005/sr0515.htm>